

**MINUTES**  
**REDEVELOPMENT AUTHORITY OF THE CITY OF GREEN BAY**  
**Tuesday, September 9, 2014**  
**City Hall, Room 604**  
**1:30 p.m.**

**MEMBERS PRESENT:** Harry Maier, Chair; Gary Delveaux, Vice-Chair; Jim Blumreich, Joe Moore, Tom Weber

**MEMBERS EXCUSED:** Matt Schueller, Melanie Parma

**LIAISON REPRESENTATIVES PRESENT:** Jeff Mirkes, Christopher Naumann

**OTHERS PRESENT:** Kim Flom, Mayor Schmitt, Greg Flisram, Dawn Foeller, Cheryl Renier-Wigg, Krista Baeten, Billie Jo Horsens, Kevin King, Jim Mueller, Terrance Wall, Keith Harenda, Tom DeMuth, Brigitte Breitenbach, Dennis Doucette, Steve Frantz, Tyler Warner, Patrick Faulds, Kirk Keller, Victoria Parmentier, Media

**APPROVAL OF AGENDA:**

Approval of the agenda for the September 9, 2014, meeting of the Redevelopment Authority.

A motion was made by J. Blumreich and seconded by G. Delveaux to approve the agenda for the September 9, 2014, meeting of the Redevelopment Authority. Motion carried.

**APPROVAL OF MINUTES:**

Approval of the minutes from the August 12, 2014, regular meeting of the Redevelopment Authority.

A motion was made by T. Weber and seconded by G. Delveaux to approve the minutes from the August 12, 2014, regular meeting of the Redevelopment Authority. Motion carried.

**COMMUNICATIONS:**

None.

**OLD BUSINESS:**

None.

**NEW BUSINESS:**

A motion was made by J. Moore and seconded by T. Weber to take Item 2 before Item 1. Motion carried.

2. Developer update and discussion on progress of CityDeck Landing project.

A motion was made by G. Delveaux and seconded by J. Moore to open the meeting for public discussion. Motion carried.

Terrance Wall was present to provide an update on both CityDeck Landing and Titledown Lofts. CityDeck Landing is under construction. The project is moving along nicely with anticipated opening in May 2015. The units are 20% leased with additional applicants ready to sign leases soon.

H. Maier asked if there were still plans to open up a showroom to showcase the apartments. T. Wall indicated that they have been unable to find open storefront space close to the project to do that. Instead, the job trailer has been elevated with a leasing trailer underneath. The leasing trailer will become the miniature showroom.

The leases are for occupants and no subletting is allowed. They have a number of parties interested in the commercial space and are starting those discussions. T. Wall discussed some of the challenges of an urban versus suburban development, such as space for materials, job trailers, site challenges with soils, and unexpected underground structures.

Regarding Titletown Lofts, buildings A and B were renovated for Titletown Brewing. They have buildings C and D under option and are looking at renovating them into 79 apartment units. There are a lot of environmental issues (lead, asbestos, animal waste). Building elevations and plans were shown and discussed. Parking plans were discussed and include covered surface parking and a lower level parking garage outside of the building footprint. Kellogg Street improvements will be needed. There will be three very unique two-story live/work units. There was discussion on the possibility of converting the apartments to condos in the future and it was noted that the apartments would be constructed in a way to enable a conversion. Other than the live/work units, there are no plans for commercial space in buildings C and D. There is currently commercial space available in buildings A and B.

Regarding their timeline, they still need to get the necessary approvals and cost estimates and anticipate coming back between October and December to request assistance for the gap. The cost to renovate a building such as this is approximately \$1 million higher than starting from scratch. The structure is very expensive to work with and TIF assistance will be needed.

A motion was made by J. Moore and seconded by J. Blumreich to return to regular order of business. Motion carried.

1. Review and discuss conditional approval of HUD Section 108 loan guarantee as it relates to Northland Hotel development project, with possible action.

G. Flisram explained that the developer would like to use HUD's Section 108 loan guarantee program. The program is not the City lending money, but a third party lender that is guaranteed by future CDBG allocations. The program is not used very much due to the many requirements, such as jobs, historic, blight property, etc. to meet HUD guidelines. Using this program helps the developer reduce their cost of financing. The program is felt to be very low risk and HUD has indicated there has never been a default in this program. In the unlikely event of a default, before accessing the CDBG funds, loan repayment would come from escrow accounts maintained by the developer, the personal guarantees signed by Mike Frantz and Keith Harenda, and revolving loan funds.

Mayor Schmitt indicated that the City was not aware of the Section 108 program. Tony O'Reilly with HUD indicated that this hotel was the perfect project for this program. Mayor Schmitt reiterated that there are multiple safeguards in place to protect the CDBG program. This is the last piece for the developer to get everything in place. The Hotel Northland is a \$40 million project that will change how Green Bay is perceived and impact activity downtown. Mayor Schmitt and City development team staff are in support.

A motion was made by G. Delveaux and seconded by J. Blumreich to open the meeting for public discussion. Motion carried.

G. Delveaux questioned the use of personal guarantees and if there was still room under those guarantees. G. Flisram indicated that personal guarantees from Keith Harenda and Mike Frantz will be attached to this. Also, there are other protections in place in addition to the personal guarantees. The Finance Director is reviewing the financial statements associated with the personal guarantees.

T. Weber questioned if there have been instances where the municipality has had to step in and cover. It was noted that HUD did a report with regards to this program and they felt it was successful. In the report, there was a table showing they had 52 projects and only 5 had spending or activity that was incomplete. T. Weber questioned if there have been revised proformas showing that the project supports this. It was noted that yes, it works. The project has gone from a \$35 million to a \$40 million project due to construction costs. With a \$5 million gap, options are to ask the City for more TIF assistance or downgrade the project. The developers won't do either, so they are taking on more debt and assuming the additional \$5 million to do the project the way it was intended.

T. Weber questioned if there is a default and the RDA/City would be covering, is there anything in the guarantee to allow someone to step in as a lender with the same management controls that a bank would have. He felt it would be beneficial for the City to have that protection.

Mayor Schmitt indicated that the developer has agreed to pay the City \$25,000/year for the first three years to administer the Section 108 program.

G. Delveaux questioned if there would actually be funds set aside from the revolving loan fund. G. Flisram didn't think so, but thought they would just keep a cushion in the loan fund.

H. Maier questioned if the timeline for the project was still on track. S. Frantz stated that he is confident they will begin construction in November, which keeps them on schedule to open for the Packers season in 2015.

J. Moore questioned if any level of their financing requires a guarantee to keep a required number of low-to-moderate income jobs for the length of the loan and discussion followed.

J. Moore indicated that he spoke extensively with Council President Tom DeWane and Ald. DeWane fully supports the project.

A motion was made by T. Weber and seconded by G. Delveaux to return to regular order of business. Motion carried.

A motion was made by T. Weber and seconded by G. Delveaux to approve a HUD Section 108 loan guarantee in an amount not to exceed \$4.7 Million to Frantz Community Investors for the Hotel Northland Project, subject to the following conditions:

- a. The Developer shall provide a financial letter of support for the remainder of the construction loan.
- b. The Developer shall maintain a minimum of two years of loan payments in escrow for the duration of the loan.
- c. The Developer shall pay a \$25,000 maintenance fee annually for three years, to be funded on the close date of the Section 108 loan. If actual administrative costs exceed \$25,000, Developer shall pay the actual amount of administration costs.
- d. The Developer shall receive private financing for the remainder of the project on or before the closing date of the Section 108 loan.

- e. In the event of default, the payment sources for loan repayment, prior to accessing CDBG funds, will be, in the following order: the escrow account maintained by the Developer, the Developer's personal guarantee funds, revolving loan funds, available TIF funds.
- f. The Developers shall enter into personal guarantees for the amount of the Section 108 Loan.
- g. That the loan guarantee be structured in a way that allows the RDA/City to have the same powers as a bank regarding the ability to assume management of the property in the event of default.

Motion carried.

- 3. Request to authorize staff to award bids for Dousman Street Streetscaping project in an amount not to exceed \$114,000 and the Navarino Park project in an amount not to exceed \$70,000.

K. King provided an overview of the streetscaping project, which includes both sides of Dousman Street between Broadway and North Chestnut Street. The project includes replacing concrete and sidewalks, tree pits, and street lighting. The project estimate from Cedar Corp is \$169,000. Impact Funds will cover \$114,000 and the Department of Public Works will cover the amount above \$114,000.

C. Renier-Wigg explained that approval is needed to award the contract not to exceed \$169,000. By allowing staff the ability to award the contract before the next RDA meeting in October, contractors will be able to start and complete the project this year.

J. Moore requested that staff report back with the bid results.

A motion was made by J. Moore and seconded by J. Blumreich to authorize staff to award the bid to the lowest qualified bidder in the amount not to exceed \$169,000, with \$114,000 from CDBG Impact and the balance from the DPW sidewalk and alley allocation for the Dousman Street Streetscape project. Motion carried.

A motion was made by J. Moore and seconded by J. Blumreich to authorize staff to award the bid to the lowest qualified bidder in the amount not to exceed \$70,000 for the Navarino Park project. Motion carried.

#### **BILLS:**

- 4. Acceptance of financial report and check register as provided.

A motion was made by T. Weber and seconded by G. Delveaux to approve the financial report and check register as provided. Motion carried.

#### **INFORMATIONAL:**

- 5. Director's Report and Project Updates.

K. Flom reported the following:

- The Military Avenue BID is having their first major event this weekend on Saturday – Music on Military.